

RETIREMENT AND PENSION SYSTEMS ADMINISTRATION

Maryland State Retirement and Pension Systems

Teachers and State Employees Supplemental Retirement Plans

Injured Workers' Insurance Fund

MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

G20J01.01 STATE RETIREMENT AGENCY

PROGRAM DESCRIPTION

This program implements the objectives of the State Retirement and Pension System. The Executive Director's Office is responsible for the executive direction of the System including administrative and investment policy, legislation and legal liaison, and financial affairs. The Administrative Division is responsible for the payment of benefits, administration of employee contributions, and individual and group membership counseling. The Finance Division is responsible for accounting and financial reporting, budget administration, and procurement. The Investment Division is responsible for the management, control and investment of the System's Retirement Accumulation and Annuity Savings Funds. The Internal Audit Division ensures Agency compliance with State laws, rules and regulations, as well as ensuring employer compliance with Agency reporting policies. The Information Services Division is responsible for the design and implementation of new automated management information systems and for maintenance and enhancements of existing systems.

MISSION

To administer the survivor, disability, and retirement benefits of the System's participants, and to ensure that sufficient assets are available to fund the benefits when due.

VISION

A state that provides a fully-funded retirement system that is affordable to all participating employees and provides guaranteed adequate disability, survivor, and retirement benefits.

KEY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

Goal 1. To invest prudently System assets in a well-diversified manner to optimize long-term returns, while controlling risk through excellence in execution of the investment objectives and strategies of the System.

Objective 1.1 By the end of each fiscal year, meet the Board of Trustees' absolute return objective of achieving a real rate of return of at least 3.0%.

	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Performance Measures				
Outcome: Difference between the actual rate of return for the composite portfolio and the 10-year rolling average of the annual national inflation rate	5.7%	5.2%	*	*

Objective 1.2 By the end of each fiscal year, meet the Board of Trustees' absolute return objective of achieving a nominal rate of return that equals or exceeds the actuarial return assumption set by the Board of Trustees.

	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Performance Measures				
Outcome: Difference between the actual rate of return for the composite portfolio and the actuarial return assumption set by the Board of Trustees over a 10-year rolling average	0.5%	(0.1)%	*	*

Note: *Estimate not available.

MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

G20J01.01 STATE RETIREMENT AGENCY (Continued)

Objective 1.3 Over the long term (5-year rolling periods), meet or exceed median peer performance, where peers are defined as other public pension funds with assets in excess of \$1 billion.

Performance Measures	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Outcomes: Difference between the nominal rate of return for the composite portfolio and the nominal median peer return over a 5-year rolling period	(1.32)%	(1.59%)	*	*
MSRPS nominal rate of return over a 5-year rolling period	2.34%	1.90%	*	*
Fair value of investment portfolio at fiscal year end (\$000s)	\$30,030,500	\$31,980,000	*	*
Net investment income earned during the fiscal year (\$000s)	\$4,202,600	\$2,766,400	*	*

Goal 2. To effectively communicate with all retirement plan participants to inform them about the benefits provided by the System and to educate them about planning and preparing for all aspects of their defined benefit system.

Objective 2.1 By the end of fiscal year 2006, 90% of new retirees and active plan participants should feel that they received adequate information to make informed decisions regarding their defined benefit retirement options.

Performance Measures	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Quality: The percentage of new retirees and active plan participants who respond favorably to a customer survey regarding the adequacy of information disseminated through individual counseling and through telephone inquiry	88.6%	87.5%	90.0%	90.0%

Objective 2.2 By the end of fiscal year 2006, no more than 5.0 percent of incoming telephone calls will be abandoned by the phone system and waiting time for calls to be answered will be less than 1:45 minutes.

Performance Measures	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Quality: Percentage of incoming telephone calls abandoned by the automated telephone system	6.9%	8.3%	5.0%	5.0%
Average telephone waiting time in minutes: seconds	1:38	1:43	1:45	1:45

Goal 3. To accurately and timely pay all retirement allowances provided by State pension law to the System's retirees and their beneficiaries.

Objective 3.1 On an ongoing basis, 98% of retirement allowances will be processed timely.

Performance Measures	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Quality: Percentage of retirement applications processed within the stated time frame	99.9%	99.9%	99.0%	99.0%

Objective 3.2 On an ongoing basis, 100% of retirement allowances paid will be accurately computed in accordance with the State Pension Law.

Performance Measures	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Outcome: Percentage of retirement benefit payments accurately computed	99.8%	99.9%	100.0%	100.0%

Note: *Estimate not available.

Dollars expressed in thousands.

MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

G20J01.01 STATE RETIREMENT AGENCY

Appropriation Statement:

	2005 Actual	2006 Appropriation	2007 Allowance
Number of Authorized Positions	163.00	172.00	175.00
Number of Contractual Positions	26.64	29.50	27.00
01 Salaries, Wages and Fringe Benefits	10,658,954	11,624,909	12,583,237
02 Technical and Special Fees	1,385,929	1,448,016	1,640,924
03 Communication	1,114,920	1,011,542	1,001,671
04 Travel	127,686	139,784	132,416
07 Motor Vehicle Operation and Maintenance	110,025	125,167	130,318
08 Contractual Services	5,174,905	4,358,572	4,547,965
09 Supplies and Materials	170,562	252,823	181,323
10 Equipment—Replacement	170,700	80,394	80,894
11 Equipment—Additional	153,871	91,153	51,245
13 Fixed Charges	5,635,528	1,567,648	1,685,340
Total Operating Expenses	12,658,197	7,627,083	7,811,172
Total Expenditure	24,703,080	20,700,008	22,035,333
Special Fund Expenditure	24,703,080	20,700,008	22,035,333
Special Fund Income:			
G20301 Investment Income	24,703,080	20,700,008	22,035,333

TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

G50L00.01 MARYLAND SUPPLEMENTAL RETIREMENT PLAN BOARD AND STAFF

PROGRAM DESCRIPTION

Title 35 of the State Personnel and Pension Article establishes the Teachers and State Employees Supplemental Retirement Plans and a Board of Trustees to administer them. Operating expenses are provided from an assessment against the managed assets of participants.

As a reform component for the State Employees' Pension System, an optional defined contribution system was established effective July 1, 1999. That system, under Title 32 of the State Personnel and Pension Article, authorizes employer matching contributions for State Employees' Pension System members who elect to contribute to the supplemental retirement plans. The Match Plan receives dollar-for-dollar matching contributions in eligible participant accounts up to a statutory maximum amount of \$600 per fiscal year as provided in the State Budget. To conserve spending, the Match Plan was reduced to \$500 in fiscal year 2003, suspended in fiscal years 2004 and 2005, then reinstated at a maximum of \$400 in fiscal year 2006.

MISSION

To enable State employees and teachers to participate in voluntary tax sheltered income deferral, tax deferred annuity, and profit sharing and salary reduction savings plans that offer members tax advantages as provided in the Internal Revenue Code.

VISION

A State that sponsors productive voluntary retirement savings programs for all its employees to secure economic stability for themselves and their families in later years.

KEY GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

Goal 1. To provide clear and complete information about the plans to employees and cultivate their informed decisions about participation.

Objective 1.1 To encourage 85% of eligible employees to participate in the plans.

	2004	2005	2006	2007
Performance Measures	Actual	Actual	Estimated	Estimated
Outputs: Deferred Compensation (457) Plan members	28,387	28,942	29,200	29,500
Tax Deferred Annuity (403b) Plan members	1,231	1,209	1,200	1,200
Savings & Investment (401k) Plan members	35,746	35,601	36,600	38,300
Outcomes: All Plans members	65,364	65,752	67,000	69,000
Plan members as percent of eligible employees	82%	83%	84%	87%
All Plans contributing members	44,245	43,380	44,300	47,200
Contributors as percent of eligible employees	56%	55%	56%	59%

Goal 2. To provide effective, long-term investment opportunities for participants.

Objective 2.1 To maintain plan asset growth illustrative of market performance and prudent participant selections.

Annual Rates of Return as of June 30, 2005	1 Year	3 Years	5 Years	10 Years
Outcomes: Average Returns for all Investment Options	8.0%	9.1%	3.3%	10.4%
Average of all Investment Indices	9.2%	9.7%	2.1%	9.1%

	2004	2005	2006	2007
Performance Measures	Actual	Actual	Estimated	Estimated
Outputs: All plans				
Net total assets* (millions)	\$1,866.5	\$2,007.8	\$2,148.7	\$2,264.0
Invested assets (millions)	\$1,826.8	\$1,969.3	\$2,143.4	\$2,266.3
Outcomes: Change over previous fiscal year	16%	8%	9%	6%

Note: * Net Total Assets for the 457 Plan includes assets such as the cash value of life insurance and annuity reserves in addition to Invested Assets.

TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

G50L00.01 MARYLAND SUPPLEMENTAL RETIREMENT PLAN BOARD AND STAFF

Appropriation Statement:

	2005 Actual	2006 Appropriation	2007 Allowance
Number of Authorized Positions	16.50	14.00	14.00
01 Salaries, Wages and Fringe Benefits	900,749	962,500	977,498
02 Technical and Special Fees	10,842	3,500	3,500
03 Communication	26,309	34,907	36,974
04 Travel	19,565	5,500	10,000
07 Motor Vehicle Operation and Maintenance	12,653	15,552	14,796
08 Contractual Services	251,759	186,871	217,685
09 Supplies and Materials	12,762	6,000	9,100
10 Equipment—Replacement	9,263	800	2,649
11 Equipment—Additional	4,622	800	397
13 Fixed Charges	90,381	87,500	92,064
Total Operating Expenses	427,314	337,930	383,665
Total Expenditure	1,338,905	1,303,930	1,364,663
Special Fund Expenditure	1,338,905	1,303,930	1,364,663
 Special Fund Income:			
G50301 Participant Charges	1,338,905	1,303,930	1,364,663

INJURED WORKERS' INSURANCE FUND

PROGRAM DESCRIPTION

The Injured Worker's Insurance Fund (IWIF) is a non-budgeted, independent entity. IWIF is governed by a Board of nine directors (appointed by the Governor to 5-year terms), which approves the operating and capital budgets. By law, IWIF's calendar year 2006 budget is submitted to the General Assembly for informational purposes only. The primary purpose of IWIF is to provide workers compensation insurance to Maryland-based businesses. IWIF provides workers' compensation insurance to employers who do not wish, or are not allowed, to self-insure. The goal of IWIF is to provide insurance coverage and to pay benefits promptly to injured workers and dependents. Financing for IWIF is derived solely from its premium and investment income.

MISSION

The mission of the Injured Workers' Insurance Fund is to provide high-quality workers' compensation services at a fair market price for the benefit of all Marylanders. In providing this service, IWIF adds to the economic vitality of the state and supports the financial stability of Maryland businesses.

VISION

To be the workers' compensation insurer of choice for Maryland.

KEY GOALS

- To intensify our commitment to being customer-driven so as to provide superior internal and external service.
- To create an internal organization structure that will help spur profitable growth.
- To maximize operating efficiencies, enhance management of financial and human assets, and lead in the marketplace by leveraging technology.
- To create and maintain a high-performance culture that motivates, challenges and rewards employees.
- To brand IWIF with workplace safety. Create and respond to market opportunities.

INJURED WORKERS' INSURANCE FUND

SUMMARY OF INJURED WORKERS' INSURANCE FUND

	2005 Estimated	2006 Estimated	2007 Estimated
Number of Authorized Positions	402.00	410.00	
01 Salaries, Wages and Fringe Benefits	31,050,000	32,853,000	
02 Technical and Special Fees	435,000	495,000	
03 Communication	975,000	1,025,000	
04 Travel	225,000	305,000	
06 Fuel and Utilities	95,000	90,000	
07 Motor Vehicle Operation and Maintenance	55,000	60,000	
08 Contractual Services	3,400,000	3,285,000	
09 Supplies and Materials	625,000	675,000	
10 Equipment—Replacement	275,000	305,000	
11 Equipment—Additional	2,500	3,000	
13 Fixed Charges	750,000	721,000	
14 Land and Structures	1,197,500	1,347,000	
Total Operating Expenses	7,600,000	7,816,000	
Total Expenditure	39,085,000	41,164,000	
Non-budgeted Fund Income:			
G99701 Premium and Investment Income	39,085,000	41,164,000	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2005 Positions	FY 2005 Expenditure	FY 2006 Positions	FY 2006 Appropriation	FY 2007 Positions	FY 2007 Allowance	Symbol
g20j01 Maryland State Retirement and Pension Systems							
g20j0101 State Retirement Agency							
exec dir for investments ret	1.00	127,422	1.00	133,227	1.00	133,227	
exec dir state retirement agenc	1.00	127,422	1.00	134,521	1.00	134,521	
exec vii	.00	80,504	1.00	117,503	1.00	117,503	
exec vi	1.00	33,310	.00	0	.00	0	
div dir ofc atty general	.00	27,203	1.00	108,399	1.00	110,526	
prgm mgr senior iv	2.00	203,571	2.00	209,554	2.00	211,404	
principal counsel	1.00	73,054	.00	0	.00	0	
asst attorney general viii	1.00	91,759	1.00	94,955	1.00	96,811	
prgm mgr senior ii	2.00	168,267	2.00	175,862	2.00	179,292	
prgm mgr senior i	2.00	140,187	2.00	164,764	2.00	167,500	
administrator vii .	2.00	47,280	.00	0	.00	0	
administrator vii	2.00	157,015	2.00	162,480	2.00	165,643	
asst attorney general vi	1.50	113,244	1.50	117,175	1.50	119,455	
dp asst director iii	1.00	79,641	1.00	82,416	1.00	84,021	
prgm mgr iv	3.00	260,840	6.00	447,439	6.00	455,497	
administrator vi	4.00	186,009	3.00	198,604	3.00	203,466	
dp asst director ii	1.00	16,859	1.00	80,196	1.00	81,755	
fiscal services administrator i	1.00	74,571	1.00	77,167	1.00	78,666	
prgm mgr iii	4.00	271,616	4.00	281,033	4.00	286,481	
admin prog mgr ii	1.00	68,853	1.00	72,954	1.00	74,370	
administrator v	1.00	54,067	.00	0	.00	0	
administrator v	1.00	68,504	1.00	70,885	1.00	72,260	
prgm mgr ii	.00	8,782	1.00	65,022	1.00	66,280	
admin prog mgr i	1.00	56,133	1.00	58,076	1.00	59,195	
administrator iv	1.00	65,403	1.00	67,674	1.00	68,984	
prgm mgr i	2.00	109,880	2.00	119,368	2.00	122,672	
administrator iii	2.00	116,329	2.00	120,356	2.00	122,676	
accountant manager iii	1.00	72,453	1.00	74,967	1.00	76,424	
asst attorney general v	.50	37,647	.50	38,955	.50	39,712	
accountant manager ii	3.00	166,819	3.00	193,982	3.00	197,732	
computer network spec mgr	.00	4,557	1.00	72,954	1.00	74,370	
computer network spec mgr	1.00	66,563	1.00	68,870	1.00	70,205	
it systems technical spec super	.00	4,299	1.00	68,870	1.00	70,205	
computer network spec supr	2.00	127,641	1.00	67,025	1.00	68,322	
dp programmer analyst superviso	1.00	66,034	1.00	68,322	1.00	69,646	
dp programmer analyst superviso	.00	4,102	1.00	65,753	1.00	67,025	
it systems technical spec	.00	18,252	1.00	67,674	1.00	68,984	
accountant supervisor ii	4.00	196,206	4.00	213,066	4.00	217,989	
computer network spec lead	1.00	58,357	.00	0	.00	0	
dp programmer analyst lead/adva	2.00	99,673	2.00	117,454	2.00	119,716	
dp technical support spec ii	1.00	60,684	1.00	62,783	1.00	63,994	
dp technical support spec ii	1.00	57,252	.00	0	.00	0	
internal auditor super	1.00	59,535	1.00	61,595	1.00	62,783	
investment operations manager	1.00	48,335	1.00	50,937	1.00	52,888	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2005 Positions	FY 2005 Expenditure	FY 2006 Positions	FY 2006 Appropriation	FY 2007 Positions	FY 2007 Allowance	Symbol
g20j01 Maryland State Retirement and Pension Systems							
g20j0101 State Retirement Agency							
staff atty ii attorney genral	1.00	50,519	1.00	53,395	1.00	54,419	
accountant supervisor i	1.00	68,601	2.00	104,032	2.00	106,024	
accountant, lead specialized	2.00	100,115	2.00	104,032	2.00	106,024	
administrator ii	2.00	105,548	2.00	109,187	2.00	111,285	
administrator ii	1.00	52,185	1.00	53,989	1.00	55,025	
computer network spec ii	1.00	54,727	1.00	56,616	1.00	57,705	
computer network spec ii	1.00	50,241	1.00	51,976	1.00	52,973	
dp programmer analyst ii	1.00	0	.00	0	.00	0	
dp staff spec	1.00	49,998	1.00	50,999	1.00	51,976	
internal auditor lead	1.00	11,203	1.00	41,126	1.00	42,685	
staff atty i attorney general	.00	684	.00	0	.00	0	
webmaster ii	1.00	51,637	.00	0	.00	0	
accountant, advanced	7.00	289,112	7.00	335,283	7.00	342,110	
administrator i	5.00	216,230	4.00	206,526	4.00	210,483	
computer network spec i	.00	3,006	1.00	42,339	1.00	43,946	
dp functional analyst ii	1.00	45,781	1.00	47,354	1.00	48,258	
dp functional analyst ii	1.00	42,227	.00	0	.00	0	
accountant ii	6.00	296,527	9.00	393,741	9.00	403,541	
admin officer iii	1.00	54,359	1.00	50,677	1.00	51,647	
admin officer iii	.00	7,790	1.00	44,820	1.00	45,673	
personnel officer ii	1.00	28,306	1.00	36,195	1.00	37,558	
ret benefits counselor iv	5.00	190,711	4.00	197,273	4.00	201,045	
accountant i	3.00	119,584	5.00	188,384	5.00	193,844	
admin officer ii	3.00	130,671	3.00	135,159	3.00	137,733	
internal auditor i	1.00	0	.00	0	.00	0	
personnel officer i	.00	713	.00	0	.00	0	
ret benefits counselor iii	4.00	132,159	3.00	134,340	3.00	136,896	
admin officer i	5.00	198,960	6.00	237,157	6.00	242,240	
admin officer i	1.00	41,470	1.00	42,890	1.00	43,705	
internal auditor trainee	1.00	51,762	2.00	82,620	2.00	84,186	
ret benefits counselor ii	5.00	142,702	4.00	163,396	4.00	166,489	
admin spec iii	9.00	314,186	11.00	398,354	13.00	489,620	New
admin spec ii	2.00	77,191	4.00	122,827	4.00	126,672	
ret services specialist i	3.00	107,845	3.00	111,531	3.00	113,631	
dp production control spec supr	1.00	37,689	1.00	39,051	1.00	39,788	
computer operator ii	1.00	35,630	.00	0	.00	0	
computer operator i	3.00	99,516	3.00	103,037	3.00	104,968	
dp production control spec ii	5.00	169,675	5.00	176,023	5.00	179,327	
fiscal accounts technician supv	1.00	39,943	1.00	41,310	1.00	42,093	
ret benefits counselor i	7.00	248,507	11.00	372,440	11.00	382,911	
fiscal accounts technician ii	3.00	71,615	2.00	74,450	3.00	112,208	New
exec assoc iii	1.00	49,769	1.00	51,482	1.00	52,469	
exec assoc ii	2.00	86,160	2.00	89,910	2.00	92,373	
obs-executive associate i	1.00	41,796	1.00	43,230	1.00	44,051	

PERSONNEL DETAIL

Retirement and Pension Systems Administration

Classification Title	FY 2005 Positions	FY 2005 Expenditure	FY 2006 Positions	FY 2006 Appropriation	FY 2007 Positions	FY 2007 Allowance	Symbol

g20j01 Maryland State Retirement and Pension Systems							
g20j0101 State Retirement Agency							
admin aide	1.00	37,880	1.00	39,174	1.00	39,914	
office services clerk	1.00	31,024	1.00	32,079	1.00	32,677	

TOTAL g20j0101*	163.00	8,012,088	172.00	9,111,241	175.00	9,412,372	
TOTAL g20j01 **	163.00	8,012,088	172.00	9,111,241	175.00	9,412,372	

g50l00 Teachers and State Employees Supplemental Retirement Plans							
g50l0001 Maryland Supplemental Retirement Plan Board and Staff							
exec vii	1.00	29,436	1.00	91,272	1.00	91,272	
administrator vii	1.00	46,633	.00	0	.00	0	
administrator vi	1.00	73,150	1.00	75,696	1.00	77,167	
administrator iii	2.00	57,135	1.00	57,068	1.00	58,167	
obs-fiscal administrator iii	1.00	64,781	1.00	67,025	1.00	68,322	
obs-fiscal specialist iii	1.00	52,271	1.00	54,074	1.00	55,112	
admin officer iii	1.00	44,154	1.00	45,673	1.00	46,543	
admin officer ii	4.00	139,271	3.50	147,972	3.50	151,416	
obs-accountant-auditor iv	1.00	43,059	1.00	44,536	1.00	45,383	
obs-accountant-auditor iii	1.00	36,434	1.00	37,680	1.00	38,390	
office secy iii	1.50	52,008	1.50	53,782	1.50	54,792	
office secy i	1.00	24,716	1.00	26,004	1.00	26,957	

TOTAL g50l0001*	16.50	663,048	14.00	700,782	14.00	713,521	
TOTAL g50l00 **	16.50	663,048	14.00	700,782	14.00	713,521	